

out, there are several reasons why this proposal would serve the public interest.⁵⁴ Most importantly, this option will simplify and reduce the regulatory burdens on small LECs. Further, the 10,000 access line threshold, and the other safeguards proposed by NECA,⁵⁵ will ensure that there will be only a negligible impact on current average schedule companies and on NECA pool revenue requirements.⁵⁶

H. The Merger and Acquisition Provisions Should be Consistent with the Rules Adopted in CC Docket 89-2.

USTA agrees with NTCA that the merger and acquisition provisions of the incentive plan should be consistent with the pooling status merger rules adopted in CC Docket 89-2 which allows LECs involved in mergers and acquisitions to retain their pre-transaction pooling status.⁵⁷ As NTCA

⁵³ (...continued)
receive settlements under interstate Average Schedules." NTCA Comments, p. 14.

⁵⁴ See NECA Comments, pp. 16-18.

⁵⁵ See id. at 19-20.

⁵⁶ In addition to its average schedule proposal, USTA supports NECA's request that NECA be given flexibility to develop an optional pool incentive plan. See NECA Comments, pp. 15-16.

⁵⁷ Amendment of Part 69 of the Commissions' Rules Relating to the Common Line Pool Status of Local Exchange Carriers involved in Mergers or Acquisitions, Report and Order, 5 FCC Rcd 231 (1989).

urges,⁵⁸ whether an incentive plan LEC acquires a non-plan LEC, or vice versa, the two LECs should be able to retain their pre-transaction status. As in Docket 89-2, waiver should be required only in instances where a merger or acquisition would result in returning more than 50,000 access lines to pooling status.

III. CONCLUSION.

Most parties commenting in this proceeding agree that the Commission must make several changes to its incentive proposals for small and midsize LECs if these proposals are to achieve their intended public interest objectives. Of the commenting parties, AT&T stands virtually alone in advocating an inadequate earnings range for the optional incentive plan, an inequitable common line demand adjustment formula, the exclusion of known and measurable changes, and reliance on historical data for baseline regulation which could have a deleterious impact on small LECs and the NECA pools. As shown above, AT&T's arguments do not stand scrutiny and should be rejected.


For these reasons and those set forth in USTA's comments, the Commission should modify its proposals on

⁵⁸ NTCA Comments, pp. 15-16.

regulatory reform for small and midsize telephone companies.

Respectfully submitted,

UNITED STATES TELEPHONE ASSOCIATION

By: 

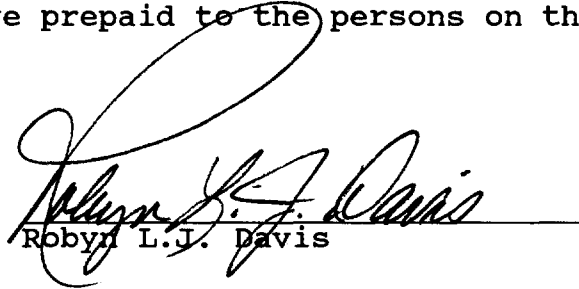
Martin T. McCue
Vice President and
General Counsel
900 19th St., N.W.
Suite 800
Washington, D.C. 20006
(202) 835-3114

Lawrence P. Keller
Cathey, Hutton & Assoc., Inc.
3300 Holcomb Bridge Rd.
Suite 286
Norcross, GA 30092

September 28, 1992

CERTIFICATE OF SERVICE

I, Robyn L.J. Davis, do certify that on September 28, 1992 copies of the foregoing Reply Comments of the United States Telephone Association were either hand-delivered, or deposited in the U.S. Mail, first-class, postage prepaid to the persons on the attached service list.


Robyn L.J. Davis

Cheryl Tritt
Chief, Common Carrier Bureau
Federal Communications
Commission
Room 500
1919 M Street, NW
Washington, DC 20554

Gregory J. Vogt
Chief, Tariff Division
Federal Communications
Commission
Room 518
1919 M Street, NW
Washington, DC 20554

Dan Grosh
Federal Communications
Commission
Room 518
1919 M Street, NW
Washington, DC 20554

Ann Stevens
Federal Communications
Commission
Room 518
1919 M Street, NW
Washington, DC 20554

Mary Brown
Federal Communications
Commission
Room 500
1919 M Street, NW
Washington, DC 20554

Andrew Mulitz
Federal Communications
Commission
Room 500
1919 M Street, NW
Washington, DC 20554

Downtown Copy Center
Room 246
1919 M Street, NW
Washington, DC 20554

Francine J. Berry, Esq.
David P. Condit, Esq.
Sandra Williams Smith, Esq.
295 North Maple Avenue
Room 3244J1
Basking Ridge, NJ 07920

Paul Rodgers, Esq.
Charles D. Gray, Esq.
James Bradford Ramsey, Esq.
NARUC
1102 ICC Building
PO Box 684
Washington, DC 20044

Paul Berman, Esq.
Covington & Burling
1201 Pennsylvania Ave., NW
Washington, DC 20044

Lisa M. Zaina, Esq.
OPASTCO
2000 K Street, NW
Suite 205
Washington, DC 20006

Joanne Salvatore Bochis, Esq.
National Exchange Carrier
Association, Inc.
100 S. Jefferson Road
Whippany, NJ 07981

David Cosson, Esq.
L. Marie Guillory, Esq.
National Telephone Cooperative
Association
2626 Pennsylvania Ave., NW
Washington, DC 20037

Thomas J. Moorman, Esq.
John Staurulakis, Inc.
6315 Seabrook Road
Seabrook, MD 20706

Thomas P. Kerester, Esq.
Barry Pineles, Esq.
Office of Advocacy
U.S. Small Business
Administration
403 3rd Street, NW
Washington, DC 20416

Robert A. Mayer, Esq.
Nixon, Hargrave, Devans &
Doyle
One Thomas Circle, NW
Suite 800
Washington, DC 20005

Carolyn C. Hill, Esq.
ALLTEL Service Corporation
1710 Rhode Island Ave., NW
Suite 100
Washington, DC 20036

Gregory J. Darnell
Manager Regulatory Analysis
MCI Telecommunications
1801 Pennsylvania Ave., NW
Washington, DC 20006

Thomas E. Taylor, Esq.
William D. Baskett III, Esq.
Christopher J. Wilson, Esq.
Frost & Jacobs
2500 Central Trust Center
201 East Fifth Street
Cincinnati, OH 45202

Carol F. Sulkes
Central Telephone Company
8745 Higgins Road
Chicago, IL 60631

Theodore D. Frank, Esq.
Vonya B. McCann, Esq.
Arent, Fox, Kinter, Plotkin &
Kahn
1050 Connecticut Ave., NW
Washington, DC 20036-5339

Marc A. Stone
Fred Williamson & Assoc., Inc.
2921 E. 91st Street
Suite 200
Tulsa, OK 74137-3300

Calvin K. Simshaw, Esq.
PTI Communications
805 Broadway
PO Box 9901
Vancouver, WA 98668-8701

Lorinda Ackley
President
Taconic Telephone Corp.
Taconic Place
Chatham, NY 12037

Michael R. Coltrane
President
Concord Telephone Company
68 Cabarrus Ave., E
PO Box 227
Concord, NC 28026-0227

Jay Preston
President
Ronan Telephone Company
312 Main Street, SW
Ronan, MT 59864

James U. Troup, Esq.
Arter & Hadden
1801 K Street, NW
Suite 400K
Washington, DC 20006-1301